

November 7, 2001

Mr. James R. Simoes
Hunton & Williams
1900 K Street, N.W.
Washington, DC 20006

**Re: International Trade Commission/United States Trade Representative Section 201
Investigation of Certain Steel Products, Inv. No. TA-201-73**

Dear Mr. Simoes:

The A.J. Weller Corporation Weller is a manufacturer of custom machinery located in Shreveport, Louisiana. Weller is an important contributor to the Louisiana economy. I am writing this letter in regard to an investigation steel imports under Section 201 of the Trade Act currently being undertaken by the International Trade Commission and the United States Trade Representative. The International Trade Commission will soon be making recommendations to the President regarding the proper restrictions to impose against imports of steel products, and the Trade Representative is currently considering whether to exclude certain specialized products from the import relief that is ultimately imposed.

Weller purchases a wide range of steel products, and is a loyal purchaser of domestic steel. With respect to certain specialized steel plate products, however, Weller is required to source the products from overseas either because a comparable product is unavailable domestically or because the domestic product does not meet Weller's needs. Specifically, we are required to purchase abrasion resistant plate products from SSAB in Sweden because we are unable to purchase a suitable alternative domestically. As a downstream consumer of imported steel, the outcome of this investigation is of great importance to Weller. Because access to certain imports is vital to Weller's continued success, Weller is supporting the exclusion of these products from import relief in the Section 201 Investigation. Import restrictions against these products would cause great harm to Weller. We are in favor of fair trade, but when a product is not produced domestically at satisfactory quality levels, imports of the product should remain freely available, without restrictions, to domestic consumers to whom access to the product is necessary in their operations.

Weller is submitting a letter to the Trade Representative requesting the exclusion of the products discussed in this letter from Section 201 relief, and I am writing this letter in order to seek your considerable influence before the Trade Representative in support of these exclusions. I urge you to safeguard Louisiana jobs by joining our exclusion efforts.

Specifically, Weller supports the exclusion of abrasion resistant carbon and alloy plate products with Brinell hardness ratings ranging from 400 HB to 600 HB. Abrasion resistant plate with Brinell hardness greater than 500 HB is not produced domestically. Abrasion resistant plate with Brinell hardness ranging from 400 HB to 500 HB is produced domestically, and Weller purchases these products domestically from Oregon Steel Mills, Inc. and Lukens Steel Corporation. Although the domestic industry produces products with

these hardness ratings, domestic products are not always viable alternative for imported products. For example, because the domestic products are not as bendable and weldable as often required in Weller's operations, the domestic products are not compatible with all of Weller's applications. Due to these shortcomings in the domestic products, Weller is required to purchase a portion of its 400 HB – 500 HB plate requirements, at a premium price, from foreign companies that specialize in the production of these products, such as SSAB in Sweden. SSAB's HARDOX abrasion resistant products are critical to Weller's production of the highest quality machinery possible

The abrasion resistant plate that is produced by SSAB is superior to any other domestic or foreign product. Flatness tolerance, chemistry, weldability, formability, and the resistance to deformation of SSAB's AR plate is a paramount competitive advantage for our products. Without the availability of SSAB's AR plate we will lose our competitive advantage not only in the United States but in all the foreign markets in which we compete. Our customers will be forced to seek out foreign manufacturers with whom we compete who have the availability of SSAB's material. Simply stated, without SSAB plate we can not produce the quality we now have over our competition, and our business will be severely affected.

Domestic abrasion resistant plate products are used by Weller in applications such as simple liner plates, which require little welding or forming. Because of the product limitations noted above, however, domestic products are not suitable for many applications, including crushing equipment, complex fabrications, and severe impact areas. For this reason, Weller purchases abrasion resistant steel for use in these applications from SSAB. If we attempt to use domestic abrasion resistant steel for use in these complex applications, our manufacturing process will require substantially more labor, and the finished product will be less desirable to our customer because it will be of inferior quality and have a shorter useful life. Our customers will, as a result, begin to take their business elsewhere. Specifically, our customers will begin to purchase from our foreign competitors that have unrestricted access to high quality abrasion resistant plate products.

It should be also noted that our cost to purchase HARDOX material has always been higher than our cost for domestic products. Obviously, we are not going to pay more, unless our overall manufacturing costs and performance advantages justify the additional costs.

Weller has also found that the production of high quality abrasion resistant plate products has not been a focus of the domestic industry. Because of the relatively small market for these products, domestic producers have largely ignored this sector. This translates not only into a domestic product that is technologically inferior and of lower utility than a product purchased from a company that specializes in these products, such as SSAB, but also availability problems within the domestic industry. Over Weller's 15 year relationship with SSAB, SSAB has been significantly more reliable in availability than its domestic counterparts. Metric sizes, which are not readily available domestically, are required by some of our OEM manufacturers, and the availability of HARDOX in these sizes coupled with their quick response has enabled us to be more competitive and reduce inventory costs.

Weller recognizes the difficulties that the domestic steel industry is currently facing, but is troubled by the fact that the fate of domestic steel consumers has been largely ignored in this investigation. Weller is dedicated to purchasing steel from domestic producers when possible, and would like to source all of its steel domestically. Weller is forced, however, to purchase abrasion resistant plate with Brinell hardness ratings of 400 HB to 600 HB for use in certain applications from SSAB. Import relief against these products would cause these imports to be prohibitively expensive. Weller would then be required to purchase this

steel domestically, resulting in the injuries to Weller discussed above. Even in the absence of relief, companies such as Weller will continue to purchase large amounts of abrasion plate domestically because the domestic products are less expensive than imported alternatives. It is only when a product of superior quality is needed that we turn to imports. Accordingly, Weller has joined SSAB in requesting that abrasion resistant carbon and alloy plate with Brinell hardness ratings of 400 HB to 600 HB be excluded from relief.

We are concerned that in the efforts of the Commission and the Trade Representative to aid the domestic steel industry (efforts that we generally strongly support), they will take action that will injure, to the same extent that the steel companies have been injured, domestic industries that rely on steel imports unavailable domestically. HARDOX materials are widely specified by domestic and international engineering companies coupled with OEM (Original Equipment Manufacturers) throughout the world. This is a relatively small market niche, which we have successfully serviced. Restrictions of these particular materials would have the most adverse affect on our business and deny us the ability to utilize the most worldwide recognized and most advanced abrasion resistant material available. These products are not similar to commercial grades of plate products, and should not be treated as such. They are not produced domestically, and domestically produced products are not suitable alternatives (this lack of substitutability is proven by the premium we pay for HARDOX over domestic plate products). Simply put, our company needs continued access to HARDOX in order to continue to compete in our industry.

We respectfully request that you support our position before the Trade Representative. On behalf of the A.J. Weller Corporation and its employees, thank you for your consideration.

Sincerely,

Thomas J. Edwards
President